

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	CASE NO.
WATER DISTRICT FOR APPROVAL OF)	2014-00282
REFINANCING OF OUTSTANDING BONDS)	

ORDER

Northern Kentucky Water District (“Northern District”) has applied for authorization to issue revenue bonds in the principal amount of \$16,965,000 to refinance existing bonds.¹ Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. Northern District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that provide retail water service to 80,750 customers in Boone, Kenton and Campbell counties, Kentucky, and wholesale water service to Bullock Pen Water District, Pendleton County Water District, and the city of Walton, Kentucky.²

2. Northern District proposes to issue Refunding Revenue Bonds, Series 2014 A (“Series 2014 A Refunding Bonds”) in the principal amount of \$16,965,000. The proposed bonds will have a 15-year term with interest rates that vary between 1.0 percent and 4.0 percent per annum.³

¹ Northern District tendered its application, which was subsequently accepted for filing, to the Commission on September 4, 2014.

² *Annual Report of Northern District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2013* at 14, 56, and 62.

³ Application, Exhibit 1 at 1.

3. Northern District proposes to use the proceeds of the 2014 A Refunding Bonds to retire all outstanding maturities of the revenue bonds designated as Northern Kentucky Water Service District Revenue Bonds, Series 2003 C (“Series 2003 C”), and Northern Kentucky Water Service District Revenue Bonds, Series 2004 A (“Series 2004 A”).

4. Approximately \$9,300,000 of the Series 2003 C Bonds remains outstanding. These bonds bear interest rates that vary between 4.0 percent and 4.25 percent per annum.⁴

5. Approximately \$7,415,000 of the Series 2004 A Bonds remains outstanding. These bonds bear interest rates that vary between 3.50 percent and 4.50 percent per annum.⁵

6. Northern District will expend \$17,182,628 to refund the outstanding bonds and to pay bond issuance costs.⁶

7. Northern District estimates that the proposed refinancing will result in total gross savings and net present value savings of \$1,195,249 and \$1,020,728, respectively.⁷

8. Northern District’s proposed bonds are for a lawful object within Northern District’s corporate purpose, are reasonably necessary, appropriate for and consistent with the proper performance of its service to the public, will not impair Northern District’s

⁴ *Id.*

⁵ *Id.*

⁶ *Id.* at 5. \$226,087 (Total Underwriters Discount) + \$120,000 (Costs of Issuance) + \$16,831,814 (Deposit to Current Refunding Fund) + \$4,727 (Rounding Account) = \$17,182,628. The sources of these funds: \$16,965,000 (Par Amount of Bonds) + \$217,628 (Reoffering Premium) = \$17,182,628.

⁷ *Id.* at 4.

ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Northern District is authorized to issue its proposed 2014 A Refunding Bonds in a principal amount not to exceed \$16,965,000 for the purpose of refinancing the Outstanding Revenue Bonds, but only under such terms and conditions that will produce both positive gross savings and net present value savings.

2. If the actual terms and conditions of the 2014 A Refunding Bonds differ from those set forth in the application, Northern District shall, within 30 days of issuing the 2014 A Refunding Bonds authorized in this proceeding, file with the Commission amortization schedules and workpapers showing the actual gross savings and net present value savings that resulted from the refinancing of the Outstanding Revenue Bonds.

3. Northern District shall, within 30 days of issuing the 2014 A Refunding Bonds authorized herein, file with the Commission a statement setting forth the date the 2014 A Refunding Bonds were issued, the actual interest rates, and the principal amount.

4. The proceeds from Northern District's issuance of the 2014 A Refunding Bonds shall be used only for the lawful purposes specified in the application.

5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission

ENTERED
OCT 16 2014
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

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